

Judge: Christopher M. Alston
Chapter: 7
Hearing Date: July 2, 2021
Hearing Time: 9:30 a.m.
Hearing Site: Telephonic – Call in
instructions at end of
document
Reply Date: June 25, 2021

UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In Re:

SAMIA EL-MOSLIMANY

Debtor.

Case No. 18-14820-CMA

**NOTICE OF HEARING ON AND TRUSTEE'S
MOTION TO APPROVE AGREEMENT BETWEEN
BANKRUPTCY ESTATES**

I. NOTICE

PLEASE TAKE NOTICE that Ronald G. Brown, the Chapter 7 Trustee ("Trustee") has filed a motion asking this Court to Approve Compromise and Settlement of Adversary Proceeding Number 19-01116 captioned as Brown v. Al-Yousef (the "Trustee's Motion").

The hearing on the Trustee's Motion IS SET for hearing on Friday, July 2, 2021 at 9:30 a.m. The hearing will be conducted telephonically. The instructions to call in for the hearings are set forth at the end of this document.

II. FACTUAL BACKGROUND

General Background

2.1 Samia El-Moslimany ("Samia")¹ filed a voluntary Chapter 7 bankruptcy petition on December 20, 2018 ("Petition Date"). Ronald G. Brown was appointed as the Chapter 7 Trustee the same day ("Trustee Brown"). Among assets of the estate is real property located at 2655 SW 151st Place, Seattle, WA 98166 ("Property"). Samia owns a 50% interest in the Property. As of the

¹ There is no disrespect intended by the use of their first names. It is just simpler since they have the same last names.

1 Petition Date, the Debtor's mother, Ann Paxton El-Moslimany ("Ann"), owned the other 50%
2 interest in the Property.

3 2.2 Ann filed a voluntary chapter 7 bankruptcy petition on December 29, 2020, Case
4 No. 20-13149. Nancy James was appointed as the Chapter 7 Trustee on the same date ("Trustee
5 James"). Ann passed away on January 25, 2021.

6 2.3 The Property is owned one-half by the Samia bankruptcy estate and one-half by the
7 Ann bankruptcy estate. Both Samia and Ann claimed the maximum homestead exemption in the
8 Property of \$125,000. See Declaration of Ronald G. Brown filed simultaneously herewith ("Brown
9 Declaration").

10 2.4 On January 25, 2013, Hayat Sindi ("Sindi") filed a complaint against the Debtor and
11 her mother, Ann El-Moslimany, seeking damages in the amount of \$10,000,000.00 for defamation,
12 tortious interference with contract, tortious interference with advantageous relations, and
13 intentional infliction of emotional distress (the "Massachusetts Lawsuit"). See Adversary
14 Proceeding Number 19-01116 - Docket #1, Exhibit 1.

15 2.5 After trial, the jury awarded damages of \$3,500,000.00 against Samia and
16 \$600,000.00 against Ann, which was later reduced to \$2,107,808.88 and \$518,250.85, respectively.
17 On August 18, 2016, a Final Judgment was entered against the Debtor and Ann El-Moslimany. See
18 Adversary Proceeding Number 19-01116- Docket #1, Exhibit 7.

19 2.6 There is a consensual first position deed of trust in favor of Washington Federal
20 Bank in the approximate amount of \$420,000 recorded against the Property. There is a
21 consensual deed of trust in favor of Aziza Al-Yousef ("Al-Yousef"), which was recorded several
22 weeks after a judgment was entered against Ann and Samia in the combined amount of
23 approximately \$1,900,000 in a defamation proceeding brought by Hayat Sindi ("Sindi") in
24 Massachusetts District Court. There is a recorded judgment against Samia in favor of Sindi in the
25 amount of \$1,550,299.00. There is a recorded judgment against Ann in favor of Sindi in the
26 amount of \$1,550,299.00. There is a recorded judgment against Ann in favor of Sindi in the
27 amount of \$1,550,299.00. There is a recorded judgment against Ann in favor of Sindi in the
28 amount of \$1,550,299.00. There is a recorded judgment against Ann in favor of Sindi in the
29

1 amount of \$344,000.00. Sindi is the largest creditor in both the Samia bankruptcy estate and the
2 Ann bankruptcy estate.

3 2.7 On September 1, 2016 Samia and Ann executed a Promissory Note in favor of Al-
4 Yousef, in the amount of \$346,666.00. The Deed of Trust securing a Promissory Note executed by
5 Samia was recorded in King County on November 7, 2016. See Adversary Proceeding Number 19-
6 01116- Docket #1, Exhibit 11.

7 2.8 On September 12, 2019 Trustee Brown filed an Adversary Proceeding against Al-
8 Yousef seeking to avoid the deed of trust as a fraudulent transfer. Trustee Brown alleged in his
9 Adversary complaint that the granting of the Deed of Trust to Al-Yousef was done intentionally to
10 at least hinder or delay, if not outright defraud, Sindi and prevent her from reaching the equity in
11 the Property to satisfy her judgments she held against Samia and Ann. Trustee Brown also
12 alleged that the transfer, the granting of the Deed of Trust, was constructively fraudulent because
13 Samia did not receive reasonably equivalent value in exchange for the transfer. Brown
14 Declaration, ¶9.

15 2.9 Samia and Ann, though her executor, Samia, have agreed to pay a total of \$300,000
16 to obtain dismissal of the Adversary Proceeding and any claims that Trustee James has that relate
17 to the Al-Youssef deed of trust.

18 2.10 Trustee Brown and Trustee James have agreed to split the settlement proceeds 80-
19 20, with 80% going to the Samia estate. There are various reasons for the split. If Trustee Brown
20 prevailed on his Complaint and the Al-Yousef deed of trust was avoided and preserved, he believes
21 he would have stepped into the shoes of the second position deed of trust as to the entire property,
22 not just as to Samia's 50% interest. Also, Trustee Brown believes that Sindi would be the main
23 beneficiary of the avoidance of the deed of trust. Ms. Sindi's total claim is \$1,900,000, 18% of which
24 is secured by a judgment against Ann's 50% interest in the Property and the remaining 82% is
25 secured by a judgment lien on Samia's 50% interest in the Property. Finally, Trustee Brown and his
26
27
28
29

TRUSTEE'S MOTION TO APPROVE AGREEMENT
BETWEEN ESTATES

Page 3

Wood & Jones, P.S.
303 N. 67th Street
Seattle WA 98103-5209
(206) 623-4382

1 counsel did all the work and incurred all of the fees relating to the Adversary Proceeding. The
2 Adversary Proceeding has been very complicated with novel issues and innovative arguments.
3 Brown Declaration, ¶12.

4 WHEREFORE, Trustee Brown seeks approval of the Agreement Between Estates and
5 approval to execute the Agreement. A copy of the Agreement Between Parties is attached to this
6 Motion/Notice of Hearing and is being included in the mailing that will be sent to all creditors.
7

8 **VII. OBJECTIONS**

9 Your rights may be affected. You should read these papers carefully and discuss them with
10 your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may
11 wish to consult one.)

12 If you do not want the court to approve the Trustee's Motion, or if you want the court to
13 consider your views on the Trustee's Motion, then on or before Friday, June 25, 2021, you, or your
14 attorney must file your objection with the court and serve a copy upon Denice Moewes, Wood &
15 Jones, P.S., 303 N. 67th Street, Seattle, WA 98103.
16

17 If you mail your response, objection or comment to the Court and counsel, you must mail it
18 early enough so that the court will receive it on or before the date stated above.

19 If you or your attorneys do not take these steps, the Court may decide that you do not
20 oppose the Trustee's Motion and may enter an order granting the relief requested in the Trustee's
21 Motion.

22 Further information regarding the Trustee's Motion may be obtained by telephoning
23 Denice E. Moewes, at (206) 623-4382.
24

25 Dated this 11th day of June 2021.

26 WOOD & JONES, P.S.
27

28 /s/ Denice E. Moewes
29 Denice E. Moewes, WSBA # 19464
Attorney Chapter 7 Trustee

TRUSTEE'S MOTION TO APPROVE AGREEMENT
BETWEEN ESTATES

Wood & Jones, P.S.
303 N. 67th Street
Seattle WA 98103-5209
(206) 623-4382

1
2 Dial In Instructions:

3 Dial: **1-888-363-4749**
4 Enter Access Code: **8955076** then press #
5 Enter Security Code: **3564** then press #
5 Speak when prompted.

6 Guidelines:

7 1. Use a land line phone and not a cell phone, if possible. Do not use a speaker phone.
8 2. Make the call from a quiet area where background noise is minimal.
9 3. Wait until the Judge calls your case before speaking.
10 4. Do not put the phone on hold at any time after the call is connected.
11 5. In the event you are unable to connect to the conference call after following the above
12 procedures, please contact chambers at (206) 370-5330.